

Message Text

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72

ACTION EUR-25

INFO OCT-01 ISO-00 SAJ-01 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 DODE-00 PM-07 H-03 L-03 PA-04 PRS-01 USIA-15

DRC-01 /174 W

----- 120343

R 191418Z APR 74

FM AMEMBASSY PRAGUE

TO SECSTATE WASHDC 6085

INFO AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY MOSCOW

AMEMBASSY SOFIA

AMEMBASSY WARSAW

US MISSION BERLIN 1103

AMCONSUL MUNICH

LIMITED OFFICIAL USE PRAGUE 0822

E.O. 11652: N/A

TAGS: PINT, EFIN, CZ

SUBJECT: RUMORS OF PRICE RISES AND/OR CURRENCY REFORM

REF: PRAGUE 775

1. SEVERAL SOURCES HAVE TOLD US THAT HUSAK'S APRIL 11 DENIAL OF IMPENDING PRICE RISES AND/OR CURRENCY REFORM (REFTEL) FAILED TO STILL RUMORS AND MAY INDEED HAVE INCREASED SPECULATION ON SUBJECT. HUSAK'S STATEMENT IS SAID TO HAVE RECALLED IN PEOPLE'S MINDS A DENIAL IN 1953 BY PREMIER ZAPOTOCKY THAT ANY STEPS WOULD BE TAKEN ABOUT CURRENCY, SHORTLY BEFORE CURRENCY CONVERSION WENT INTO EFFECT JUNE 1, 1953.

2. IT APPEARS THAT MAIN PRACTICAL EFFECT OF RUMORS OVER PAST
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TWO WEEKS HAS BEEN TO INDUCE CITIZENS TO DECREASE THEIR HOLDINGS

OF CROWNS BY PAYING OFF DEBTS AND BUYING MORE CONSUMER DURABLES.
FOR EXAMPLE, WE HAVE HEARD OF SEVERAL CASES OF PEOPLE SUDDENLY
DECIDING TO BUY CARS, AND DOWNTOWN AUTO-SALES AGENCY WAS
UNUSUALLY JAMMED WITH PEOPLE EVENING OF APRIL 18.

3. WE HAVE NO INDICATION AS TO WHETHER OR NOT AUTHORITIES HAD
ACTUALLY BEEN PLANNING ANY MOVE ON CURRENCY OR PRICES. WHILE
PRESENT SPATE OF RUMORS MAY SERVE USEFUL FUNCTION IN LEADING
TO REDUCTION IN INDIVIDUALS' CROWN SAVINGS, WHICH HAD INCREASED
MORE THAN AUTHORITIES LIKED, RUMORS MUST ALSO BE DISTASTEFUL
PROOF FOR LEADERSHIP OF POPULATION'S LACK OF TRUST IN THEM.
WORTZEL

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NNN

Message Attributes

Automatic Decaptioning: X
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Draft Date: 19 APR 1974
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Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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